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Where is NATO's Defense Posture Headed?

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Conclusions

- NATO's upcoming debate over how to handle new strategic challenges should address not only policy and strategy, but also the thorny details of defense budgets and programs. If the European allies lack the proper military forces, they will not be able to help meet new challenges even if their political views are responsive.
- Contrary to the fears of some observers, the Europeans are not disarming. Despite recent downsizing, they still have large forces that can defend NATO's borders, especially now that the threat to Europe has faded. However, their capacity to perform new, untraditional missions is far less impressive.
- The Europeans understand this shortcoming, and some are trying to improve, but their ability to pursue new initiatives is hamstrung by tight fiscal constraints. These arise because their annual combined budget of \$160 billion is stretched thin supporting 2.5 million troops. By contrast, the United States spends \$250 billion to support only 1.4 million troops, and even it has difficulty funding both readiness and modernization.
- The Europeans face mounting troubles. The readiness of their forces is declining. Because they lack sufficient funds for new investments, they also are making only slow progress in modernizing and otherwise preparing for the future.
- Additional investment funds will be needed if they are to pursue such critical initiatives as the revolution in military affairs (RMA), peace support missions, NATO enlargement, weapons of mass destruction (WMD) defense, power projection outside Europe, and fair burden-sharing.
- To generate these funds, the Europeans will need either to increase their defense spending moderately, or to reduce their force structures in significant but safe ways.
- Because some reductions seem necessary, the tradeoff between quantity and quality likely will become a defining issue for NATO. Common western interests will be better served if European forces are somewhat smaller than now, but more capable of performing new, high-priority missions. Relevant forces and high quality are the keys to the future.

Introduction

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How NATO will respond to changing security challenges in Europe and elsewhere is driving a critical and growing debate over NATO's future strategic policy. NATO's ability to handle these challenges will be determined not only by its political goals, but also by whether its military capabilities are adequate to the task. If European forces fall short, NATO could fail even if it makes sound decisions about policy and strategy.

With this focus, an examination of the military forces of NATO's European members must address three issues: 1) Where do these forces stand and where are they headed? 2) How can they be improved to meet NATO's future security needs? And, 3) What are the possible sources of funding for needed improvements?

Current NATO Forces and Budgets

NATO's strategic concept of 1991 called for a shift away from stationary linear defense toward a mobile doctrine—with smaller forces. Whereas NATO's strategy for the Cold War called for defense against a theater-wide attack on Europe, its new strategy focused on regional contingencies with a balanced combination of Reaction Forces, Main Defense Forces, and Augmentation Forces. At the time, the general consensus held that defense reductions of about 20-35 percent made sense. Since then, the Europeans have been carrying out this guidance. Indeed, the Europeans have downsized less than the United States, as shown in Table 1.

While downsizing, the United States and the Europeans have pursued different strategies. The United States lowered its presence in Europe from 330,000 to 100,000 troops, and reconfigured its overall defense posture primarily for swift power projection to other endangered theaters: i.e., the Persian Gulf and Northeast Asia. By contrast, the Europeans remained focused on Europe retaining enough forces for regional contingencies, and preserving a strong capacity for reconstitution should a theater threat return.

Of the resulting forces, more than 80 percent were configured for local border defense missions. Of these, only a few were high readiness units; the rest were manned at medium or low readiness, with a mix of active and reserve personnel. The remaining 20 percent were high-readiness "Reaction Forces," totaling 10 divisions, 470 combat aircraft, and 160 ships. But naval combatants aside, even these forces were tailored mostly for local missions. For power projection to the northern and southern regions (e.g., Norway and Turkey), NATO mostly continued to rely on U.S. and British forces. The other Europeans contributed only token forces to these missions.

Table 2 contrasts current European forces and budgets with those of the United States. The table shows significant European defense assets. The Europeans spend less on defense, but have larger forces. Together, the Europeans are the world's second strongest military power.

These statistics are reasons for confidence that the Europeans can carry out traditional border defense missions—especially since today's threats are so low. This is clearly the case in the central and northern regions. There, European forces are integrated under a single NATO command and are armed with modern weapons. Within a month, NATO could mobilize five multinational corps. Augmentation forces, plus U.S. reinforcements, could increase NATO's posture to 25 divisions and 2,400 aircraft.

The situation in the southern region is less positive, but still confident. There, NATO has larger ground forces than in the central region, but smaller air forces. Also, NATO's forces are not as ready or as well-equipped, and they are not organized into multinational formations. Yet the traditional threats there

are not imposing. The defense of Turkey is key, but Iraq no longer has the power to threaten Turkey alone. Iraq, Iran, and Syria could gain a numerical advantage over Turkey's large army, but any conflict would be fought on rugged terrain that would slow their advance. Provided U.S., British, and other reinforcements are available, NATO can defend Turkey in today's setting.

Few Funds for Investments

Nonetheless, warning signs of growing trouble are evident. Fiscal constraints inhibit constructive responses even if widespread political support for such responses exists. This is true not only for the southern Europeans, but for the central and northern states as well, who are supporting 1.1 million troops on only \$122 billion annually. In addition, today's political atmosphere in Europe is neither pro-defense nor forward-looking. Some security experts endorse reforms, and several European military establishments grasp their problems and their need for change. But the prevailing public mentality favors only slow progress.

These constraints negatively affect the quality of Europe's military forces, and the situation may worsen. Some European Main Defense Forces are slowly but steadily losing their readiness. Shortened conscription time is one factor. Also, many ground units now conduct training only at the company level—not the battalion level, which is key to being ready to fight on short notice. Average aircrew training has dropped to 160 hours per year: below the NATO standard of 180 hours, and well below the U.S. standard of 220 hours. If this downward trend continues, the consequence could be a slow, but eventually crippling, loss of combat readiness for these important forces.

Equally serious is the lack of sufficient money for investments, which play a large role in determining future capabilities. Similar to the United States, the Europeans bought new weapons during the 1980s, and have been on a procurement holiday since then. But these weapons are approaching the end of their life cycles. Whether sufficient funds will be available for new weapons is unclear.

Europe's fiscal problems can be illustrated by comparisons to the United States, which has a larger defense budget and a smaller force posture than the Europeans. Notwithstanding its larger budget, the United States has had to struggle to free enough funds for investment. DOD has been compelled to pursue painful cuts in its domestic overhead and infrastructure, and to economize in other ways. It is trimming active and reserve component forces. Despite these steps, some research and development (R&D) and procurement programs have been slowed, and improvement goals in several areas have been scaled back. Although the United States pays higher personnel costs per soldier (and gets high-quality people in return), its fiscal constraints on investments pale when compared with those confronting the Europeans.

At the moment, the Europeans are spending only \$8 billion on R&D; by contrast, the United States is spending \$25 billion. Moreover, the European defense industry is fragmented into small national components. As a result, the Europeans are encountering trouble in producing the Eurofighter, a new strategic air transport, and other new weapons. At a time when military technology is changing rapidly, the Europeans face the danger of being saddled with inadequate new weapons or a too-high price for the adequate models that are produced.

As important, the Europeans are spending only \$30 billion on procurement. This compares to U.S. spending of \$42 billion, with plans to elevate it to \$60 billion or more. The Europeans' ability to buy new weapons is limited because much of their money must be spent on vehicles, spares, stocks, and materials. If the Europeans do not spend more on procurement, the consequence will be aging weapons

and less military effectiveness—especially against modern threats.

The lack of investment funds virtually rules out other new initiatives. In the aftermath of the Persian Gulf war in 1991, it was clear that the Europeans needed better power projection capabilities, but progress has been slow. When NATO began contemplating military intervention in Bosnia, the Europeans initially were reluctant because they lacked appropriate forces and the funds to make the necessary changes quickly. For other missions, their lack of mobility assets and expeditionary forces remains a major constraint on power projection.

The Coming Agenda of New Challenges

New strategic challenges will likely increase pressures on European security. If the Europeans do not respond to them, they arguably could condemn themselves to strategic impotence. Moreover, they could make NATO irrelevant by leaving it able to defend borders that are no longer threatened, but unable to deal with growing dangers that menace the alliance's vital interests.

Table 1: Defense Downsizing, 1988-1997

(% Reductions)

	United States	Europeans
Defense Spending *	30%	20%
Active Military Manpower	34%	20%
Division-Equivalents **	40%	36%
Combat Aircraft **	43%	20%
Naval Combatants **	40%	15%

* Constant 1997 \$. ** Active and reserve forces. The U.S. drawdown of Reserve Component ground combat forces is ongoing and will be completed in a few years.

Europe does not have to mimic U.S. military capabilities, but it does need to acquire complementary assets. The United States has already made large capital investments in expeditionary forces and strategic mobility, and has started on RMA. Hence, the Europeans must both make up ground and prepare for the future. Six strategic challenges illustrate the demanding nature of the defense reform agenda facing the Europeans.

1. Participating in the RMA. The RMA requires modernization, but not in traditional ways. It involves the use of ultra-modern information systems and other technologies to greatly enhance force effectiveness. Future combat units will have higher technology, better C4 systems, different weapons and support assets, and perhaps less manpower. European forces will need to follow suit not only to remain capable of operating with U.S. forces, but also to remain stronger than potential foes, who themselves will be modernizing in ways that checkmate current technology.

2. Preparing for peace support operations (PSO). Bosnia may be a forerunner of a big increase in PSO missions in response to growing ethnic separatism, failed states, and mounting violence in several regions. Bosnia shows that specific assets and training regimens are required. Ad hoc policies will not suffice if PSO operations become a regular feature. The Europeans face the task of configuring a portion

of their military postures for PSO missions, buying them the right equipment (e.g., C4ISR systems), training them, and supporting them. Building adequate PSO assets is not a crippling expense, but neither is it trivial, and it undeniably is important.

3. Implementing NATO enlargement. Although NATO enlargement is not threat-based, the act of adding new members necessitates that the Europeans take responsibility for helping ensure their security not only in crisis and war, but in peacetime as well. The United States may be a principal architect of NATO enlargement, but it cannot be the only country saddled with the task of fulfilling its defense requirements. New members cannot develop their own defense postures according to NATO's guidelines unless they receive credible assurances of the help that they will be receiving from NATO as a whole.

4. Improving power projection. Britain, France, and Germany are already taking this step. Each country is creating a modest but useful pool of 50,000 troops that can be drawn upon to mount projection missions. Nonetheless, NATO's integrated command has no charter to develop multinational plans and programs for operations outside the alliance's borders. Missions are launched on an ad hoc basis, with no commitments made in enduring ways. Across Europe, moreover, the dominant emphasis is on becoming prepared to project small forces in a slow manner for low-intensity operations along Europe's periphery. By contrast, the future seems destined also to require a capacity to project large forces quickly for a wide spectrum of high intensity operations in distant areas, including the greater Middle East and the Persian Gulf. Currently the Europeans lack the necessary mobility assets (e.g., fast sealift), logistic support, C4ISR, and expeditionary forces. They are slowly making progress, but the future likely will require better projection forces than now planned—by a factor of three or four.

Table 2: Current European Forces a			
	Annual Defense Budgets (\$B, FY97)	Active Manpower (000's)	Division E
Northern Regional Command (NRC)			
U.K.	\$33.2	210	
Germany	\$33.6	350	
France	\$37.2	370	
Belgium	\$3.3	43	
Netherlands	\$8.0	57	
Denmark	\$3.2	33	
Norway	\$3.7	34	
Sub-total	\$122.2	1,097	
Southern Regional Command (SRC)			
Spain	\$6.9	197	
Portugal	\$1.7	55	
Italy	\$20.0	325	
Greece	\$3.5	162	
Turkey	\$6.8	629	
Sub-total	\$38.9	1,368	

European Total	\$161.1	2,465	
United States	\$250.0	1,452	

5. Meeting WMD threats with better counterproliferation assets. This will require better European active defenses, passive defenses, and long-range strike assets. Whether a full ballistic missile defense system will be needed is to be seen. The key point is that the future WMD threats may arrive faster than once expected. WMD systems in the hands of rogue states could pose a threat not only to western interests outside Europe, but also to NATO's forces and even to European cities.

6. Distributing the burden. Allocating new roles, missions, and responsibilities in ways that ensure military effectiveness, advance the interests of all members, and distribute burdens fairly is an internal challenge. Above all, NATO cannot expect the United States to handle every new challenge largely by itself, with only token allied contributions. U.S. forces are already stretched thin by demanding global missions. Strong contributions from all European member states will be needed, not only to keep NATO effective, but also to keep NATO's cohesion and the transatlantic bond intact. Moreover, capable European forces are key to resolving command structure issues in a manner that leaves both sides of the Atlantic happy.

These new challenges do not call for perpetuation of a huge European force posture maintained at medium readiness and armed with aging weapons. What they mandate are smaller armed forces, guided by modern operational concepts, ready to perform security and defense missions not only in Europe, but beyond.

Funding New Initiatives

The Europeans will not be able to respond unless their governments and societies accept the importance of pursuing new strategic directions. They face a clear choice. Either they can attempt to wall themselves off from new challenges (and draw apart from the United States), or they can look to the future, and join the United States in developing the weapons and forces that will be required to defend common western interests in Europe and elsewhere.

Today's political atmosphere is not encouraging, but neither does it make new thinking impossible. The majority may favor the status quo, but some are calling for change, and modest reform policies are starting to be adopted. In the past, the Europeans often have shown a capacity to rise to the occasion when their own interests were at stake. The issue is not whether progress will occur, but whether it will be big enough and fast enough.

The stance of Germany will be especially important. Britain and France are already forward leaning in many respects, but Germany is hesitant and has only recently begun addressing the new challenges. If they all become committed to defense reforms and exert leadership, NATO's northern region can be innovative in preparing for future security needs. The less wealthy southern countries can contribute to the extent that their resources permit.

More will be required, however, than paper studies and official communiques. Tangible progress on concrete programs aimed at building real forces for new missions will be essential, but it will require a sustained budget for 10 years or more. If tangible progress is to be made on reforming European forces, in the ways needed to bring a new NATO policy and strategy to life, more money will have to be made

available for procurement and other forms of investment. How much money is uncertain. What can be said is that when the United States pursued its defense improvements in the 1980s, it was compelled to spend about 30 percent of its defense budgets on procurement. This suggests that the Europeans may need to commit an additional \$10-20 billion per year for procurement and other investments. It is affordable because expenses of this magnitude are within the reach of Europe's economies and of sound management practices.

The Europeans have two options. One is to increase their defense spending. The full annual amount could be raised in a single step by elevating defense spending from 2 percent of GDP today to about 2.2 percent: hardly a staggering increase. Or, they could increase their real spending each year in a manner that reflects their economic growth, which is about 2.5 percent annually. Within five years or so, they could reach the desired level.

The second option is to trim most European force structures in order to generate the necessary funds. If this is the only option pursued, the Europeans likely would have to reduce their manpower and forces by 15-25 percent or more, while not cutting their budgets. Are force reductions of this magnitude militarily safe? The answer can be determined only by a detailed analysis of future contingencies and requirements. Europe's existing posture of 2.5 million active troops, and nearly 58 division-equivalents, 3,500 combat aircraft, and 350 naval combatants dwarfs foreseeable contingencies in Europe, as well as projection missions outside Europe. Moreover, NATO enlargement will add additional forces to the ledger even as it moves the alliance's borders eastward.

Most probably, both options will be needed in some combination. A moderate approach toward one will make moderation possible in the other. Regardless, the trade-off between quantity and quality seems likely to be a defining issue in NATO's future defense planning. On balance, common western interests will be better served if future European forces are somewhat smaller than now, but more capable of performing new missions effectively.

Implications for U.S. Policy

The United States has huge stakes in the emerging debate over how European defense policies should unfold. It needs greater European military help in order to meet the new challenges ahead. One reason is fair burden-sharing, but another is to prevent U.S. forces from becoming so overloaded with global requirements that they cannot handle any of them effectively. Also, the ability of the United States to sustain a large military presence in Europe is at stake. The United States may not be able to keep current forces there—at a cost of \$3 billion per year or more—if this investment does not yield tangible security benefits, in the form of capable allies that can help protect common interests and perform future missions. A major U.S. withdrawal from Europe would weaken NATO, and Europe would become less stable.

The United States should encourage the Europeans to reassess and reform their defense policies, which have become a barrier to strategic progress and a potential excuse for not having a credible alliance. The United States should also urge NATO to accelerate the pace of change and innovation so that future security missions can be performed.

NATO's upcoming debate thus must address goals, policy, and strategy in the hope of forging a new political consensus in Europe and in transatlantic cooperation. But it must also address the thorny military issues of budgets, programs, and tradeoffs. Resolving these issues is the key to real progress.

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